



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0013	Title:	Pay plan for state employees
Primary Sponsor:	Sesso, J.	Status:	As Introduced

- | | | |
|----------------------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input checked="" type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$20,148,504	\$38,455,857	\$43,801,410	\$43,801,410
Other Funds	\$15,131,485	\$27,045,450	\$31,592,943	\$31,592,943
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>(\$20,148,504)</u>	<u>(\$38,455,857)</u>	<u>(\$43,801,410)</u>	<u>(\$43,801,410)</u>

Description of fiscal Impact: The bill implements broadband pay for all executive branch employees. The pay plan provides for a 3 % pay increase for state employees effective October 1, 2007 and October 1, 2008, an increase in the 10 year longevity increment from 1.5 % to 2 %, an increase in the state employee health insurance contribution, a 0.6% discretionary allocation to be distributed to state employees in accordance with agency pay plan rules, provides an appropriation to help agencies bring employees at least to 80% of the market rate for his/her position, provides a personal services contingency appropriation, and a labor training appropriation.

FISCAL ANALYSIS

Assumptions:

1. State agencies may experience some administrative costs to develop and implement the broadband system within any given agency. These costs are considered part of normal agency expenditures and would be absorbed within existing appropriations.

2. Because the 3% pay increases and the 0.6% pay increase are not effective until October 1, 2007 and October 1, 2008, the cost of the pay increases will not be fully annualized until FY 2010.
3. Because the health insurance contributions are based on plan years rather than fiscal years, the increases don't go into effect until July 1, 2007 and July 1, 2008 for the Montana University System plan and January 1, 2008 and January 1, 2009 for the state plan, costs are not fully annualized for the state plan until FY 2010.
4. Longevity increment increases are effective the first full pay period in FY 2008, so will be fully annualized in the current biennium.
5. The appropriation to move all employees who are currently paid less than 80% of market to 80% of market is effective after the pay increase October 1, 2007 and therefore is not annualized until FY 2009.
6. The Personal Services Contingency appropriation is shown in FY 2008, but may be spent in FY 2008 or FY 2009 depending on need.
7. The table below shows rough estimates for the pay plan through FY 2011.

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Personal Services				
Legislative Branch	\$282,329	\$643,536	\$747,946	\$747,946
Consumer Council	\$14,532	\$33,782	\$39,289	\$39,289
Judicial Branch	\$913,961	\$1,990,108	\$2,294,740	\$2,294,740
Executive Branch	\$20,184,425	\$45,112,085	\$52,511,363	\$52,511,363
University System	\$7,809,742	\$17,721,746	\$19,801,015	\$19,801,015
Personal Services Contingen	\$6,000,000	\$0	\$0	\$0
Labor Management Trainin	\$75,000	\$0	\$0	\$0
TOTAL Expenditures	\$35,279,989	\$65,501,257	\$75,394,353	\$75,394,353
<u>Funding of Expenditures:</u>				
General Fund	\$20,148,504	\$38,455,857	\$43,801,410	\$43,801,410
Other Funds	\$15,131,485	\$27,045,400	\$31,592,943	\$31,592,943
TOTAL Funding of Exp.	\$35,279,989	\$65,501,257	\$75,394,353	\$75,394,353
<u>Revenues:</u>				
General Fund	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$20,148,504)	(\$38,455,857)	(\$43,801,410)	(\$43,801,410)
Other	(\$15,131,485)	(\$27,045,400)	(\$31,592,943)	(\$31,592,943)

Sponsor's Initials

Date

Budget Director's Initials

Date